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USDOC FOR 532/OEA/M.HAMMES/L.RITTER
USDOC FOR 3150/USFCS/OIO/CEENIS/MCOSTA
USDOC FOR 532/OEE/MO'BRIEN

E.O. 12958: N/A

TAGS: [BEXP](#) [ETRD](#) [ETTC](#) [RS](#)

SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: FLYLAL TECHNICS,
VILNIUS, LITHUANIA, LICENSE NO. NLR

REFTEL: USDOC 06831

11. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

12. Reftel 1 requested a Post-shipment verification to determine the legitimacy and reliability of the end-user, FLYLAL Technics, Vilnius, Lithuania. The company is listed on BIS license application: NLR as the ultimate consignee of one (1) civil aircraft appliance, indicator assy-mach/airspeed, part no. 4039891-903, serial no. 84050753. ECCN 7A994. Controlled for regional stability (RS) and anti-terrorism (AT) reasons. The exporter is The Memphis Group, 3900 Willow Lake Blvd, Memphis, TN 38118.

13. On December 4, 2008, Export Control Attach Peter Liston conducted the requested post-shipment verification with FLYLAL Technics, A Gustacio 4, Vilnius, Lithuania. The export control officer met with Paulius Kavaliauskas, Spare Parts Department Director at his office.

14. FLYLAL Technics is an independent company that separated from FLYLAL Airlines in August 2007. It is a privately held Lithuanian owned company that has 265 employees.

15. FLYLAL Technics fits and services aircraft from Lithuania and the other Baltic States, the European Union and Russia. FLYLAL Technics conducts the required maintenance based upon miles flown on the Boeing 737-300, 400 and 500 series aircraft, and Saab 2000 and 340 aircraft. FLYLAL Technics added the aircraft parts brokering business to their operations in August 2008.

16. During discussions with Paulius Kavaliauskas, Spare Parts Department, it was discovered that FLYLAL Technics does not have an internal export compliance program to safeguard U.S. origin parts. Kavaliauskas stated that he purchases parts for Russian companies and that all of his suppliers know this and sell him the parts anyway. ECO Liston could not corroborate this statement. Kavaliauskas stated that he believes all aircraft parts brokers operate the same way. Kavaliauskas stated that he receives between 20 and 50 inquiries a day for various parts and didn't realize that he had to know the End Use destination, or that he had to advise the parts brokers and suppliers that he ordered from of the ultimate destination of the particular part(s).

17. The commodity subject to this PSV was solicited to FLYLAL Technics through an email inquiry from a Russian company by the name of Techno Trade (techt@yandex.ru). Techno Trade requested a price quote for the subject commodity. FLYLAL Technics contacted GE Commercial Aviation Services in London, England for a price quote for the part without ever advising GE that the ultimate destination for the part is Russia. GE Commercial Aviation Services in London obtained the part from a subsidiary in Memphis, TN and caused it to be shipped NLR to Lithuania believing the part would remain in Lithuania. FLYLAL Technics then invoiced the part to an off-shore

company in the British Virgin Islands by the name of Palmstone Holdings Limited. The part was shipped to Techno Trade in Russia by FLYLAL Technics. Payment was made through a bank transfer.

15. Recommendations: Post cannot/cannot recommend FLYLAL Technics, A Gustacio 4, Vilnius, Lithuania as reliable recipients of sensitive U.S. origin commodities.
(FCS MOSCOW/JMARKS/PLISTON)
BEYRLE